

Oil Majors Under Shareholder Pressure For Canadian Tar Sands

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As shareholders gather in London this week for BP's (NYSE: BP) annual general meeting, American and British investors are coordinating an effort to put pressure on four major oil multinationals over their controversial investments in the Canadian oil sands.

Investors from both sides of the Atlantic have filed resolutions for the BP, Shell (NYSE: RDS-A), ConocoPhillips (NYSE: COP) and ExxonMobil (NYSE: XOM) annual general meetings this spring which ask the companies to report on the financial, environmental and social risks associated with their oil sands investments. FairPensions UK, the California State Teachers Retirement Fund (CalSTRS), and Boston-based Green Century Capital Management (Green Century) are coordinating the shareholders' efforts.

Canada's oil sands (also known as tar sands) are the second largest oil resource in the world, comprising some 173 billion barrels in reserves. Extraction and conversion of oil sands into usable fuel is energy-intensive and environmentally-damaging, requiring deforestation, extensive water use, and the creation of massive amounts of toxic waste. Even using the most conservative lifecycle analysis, oil from this source emits between 15% and 40% more greenhouse gases than the average of conventional sources.

Investors and independent analysts have raised doubts about the long-term economic viability of oil sands development given the high costs of extracting and converting oil sands along with risks to future profitability presented by rising carbon costs and oil price fluctuations.

Shareholders also point to legal, regulatory and reputational risks arising from environmental damage and impairment of indigenous community livelihoods. Local indigenous communities affected by oil sands pollution and ecological harm, such as the Beaver Lake Cree Nation, have filed legal challenges that could drastically slow or halt oil sands development.

"The environmental risks associated with oil sands development come with long-term financial risk for the CalSTRS portfolio," states Jack Ehnes, CEO of the \$140 billion CalSTRS and lead filer on the resolution at ConocoPhillips. "We support all resolutions requesting greater disclosure on oil sands-related risks and encourage institutional investors to vote YES in support of these proposals."

The campaign is attracting mounting international support from NGOs, faith groups, politicians and celebrities. Institutional investors from across the globe associated with the United Nation's Principles for Responsible Investment (PRI), such as Boston Common Asset Management, Calvert Asset Management Co., Inc., Co-Operative Asset Management, Ethos Foundation, Unison Staff Pension Scheme, and Walden Asset Management, have expressed their public support for BP's and Shell's oil sands resolutions.

The oil sands resolutions were among a record 95 climate change related resolutions filed with 82 U.S. and Canadian companies in 2010.

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